



Ninety-Seventh Legislature - Second Session - 2002  
**Introducer's Statement of Intent**  
**LB 1039**

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**Chairperson:** Senator William R. Wickersham  
**Committee:** Revenue  
**Date of Hearing:** February 13, 2002

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

This bill intends to reduce the fuel price at the pump for ethanol blended fuel and raise the price at the pump for regular gasoline fuel in order to encourage the use of ethanol fuel by Nebraskans. The bill also intends to create a similar price differential at the pump between regular diesel and bio-diesel fuels and to create a tax for certain off-road diesel use for the benefit of the Ethanol Production Incentive Credit Fund.

The state and federal governments have backed up policies supportive of ethanol fuel use by a system of tax credits and incentives for ethanol use. Nebraska has made a substantial investment in the development of an ethanol production industry for the benefit of the state's economy.

Nevertheless, less than one third of the fuel sold in this state contains ethanol. This appears largely the result of retail pricing.

The pump price of ethanol blended fuels has consistently exceeded the pump price of regular gasoline in Nebraska due to marketing strategies of fuel suppliers. Across the U.S., the average price at the pump for ethanol blends is less than the average price for regular (non-premium) gasoline. To the extent the fuel tax rate can impact the price differential at the pump, creating a price parity that encourages more use of ethanol, the state benefits.

**Principal Introducer:**

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**Senator Ed Schrock**